

## Message Text

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62

ORIGIN COME-00

INFO OCT-01 ARA-06 EUR-12 ISO-00 DODE-00 EB-07 NSAE-00

TRSE-00 ERDA-05 CIAE-00 /031 R

DRAFTED BY OEA/CD:RJMCGEHAN:LWH

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COMMERCE/OEA - C0CLEMENTS

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P R 192123Z SEP 75

FM SECSTATE WASHDC

TO AMEMBASSY PARIS PRIORITY

INFO AMEMBASSY BERLIN

AMEMBASSY BERN

AMEMBASSY BONN

AMCONSUL MUNICH

AMEMBASSY PANAMA

AMCONSUL STUTTGART

AMEMBASSY VIENNA

AMCONSUL ZAGREB

AMCONSUL HAMBURG

AMEMBASSY LONDON

AMCONSUL FRANKFURT

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EXCON

E.O. 11652:N/A

TAGS: ESTC, FR, GW

SUBJECT: PRE-LICENSE CHECK 13-50-114

REF: STATE'S T-186206, 8/6/75; PLAISTED/HCGEE'AN TELCOD  
9/17/75.

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FRANKFURT FOR DR. 'HEELER

1. SYNOPSIS: OEA/CD INVESTIGATIONS UNCOVERED MULTI-MILLION  
DOLLAR, CLANDESTINE, ILLEGAL SOVIET PROCUREMENT EFFORT

TO OBTAIN SEMICONDUCTOR MANUFACTURING/TESTING EQUIPMENT. ONE INVESTIGATION FOCUSED ON HONEYWELL GMBH, (GMBH) FEDREP, AS SEGMENT OF CONDUIT TO USSR VIA SEMICON, NREUZLINGEN, SWITZERLAND. WHEN PLOT UNCOVERED BY OEA/CD, SOME EQUIPMENT ORDERED BY GMBH DETAINED SAN FRANCISCO AND FRANKFURT AIRPORTS. HONEYWELL INC/GMBH THEN ATTEMPTED

TO GET LEGITIMATE CUSTOMER(S). FRENC; CUSTOMER SUGGESTED BY AMT REPRESENTATIVE, SOCIETE COMMERCIALE INDUSTRIELLE ET ELECTRONIQUE (SOCIE), DISCLOSED AS ,FRENCH CONNECTION,

ACTING AS SURROGATE FOR -E'ICON. MICHEL BACUEY, PRICIPAL IN SOCIE, WAS ALSO OFFICER IN SOFRANEX, FIRM ON EDL.

2. DETAILS: EARLY MAY 1975, OEA/CD FRUSTRATED DIVERSION APPROX. ONE MILLION DOLLARS SEMICONDUCTOR MANUFACTURING EQUIPMENT MFG. 3Y APPLIED MATERIALS TECHNOLOGY (AMT), SANTA CLARA, CALIF., BEING SHIPPED TO GMBH. EQUIPMENT DETAINED AT U.; AND FEDREP AIRPORTS VALUED 200,000 DOLLARS AID 800,000 DOLLARS, RESPECTIVELY. ALL EQUIPMENT SLATED FOR TRUCKING FROM FRANKFURT AIRPORT TO ZURICH FOR FLIGHT(S) TO MOSCOW. (OTHER GMBH DIVERSIONS SUBSEQUENTLY UNCOVERED BY HONEYWELL INC. AND CONGEN FRANKFURT OFFICIALS. INVESTIGATION DISCLOSED THAT GMBH BUYER OF SEMICONDUCTOR AFG./TEST EQUIPMENT OF VARIOUS MFG. AND SELLING TO SEMICON, SWITZERLAND. SEMICON PURCHASER FOR TECHNOPROMIMPORT, MOSCOW.)

3. WHEN AMT EQUIPMENT DETAINED, HONEYWELL INC/GMBH ATTEMPTED TO FIND LEGITIMATE, VEJ CUSTOMER(S). GMBH FACED WITH DILEMMA IN THAT AMT UNPAID AND SEMICON REFUSED TO ACCEPT EQUIPMENT. SEMICON WANTED EQUIPMEHT OUT BALKED WHEN TOLD T;AT THEY MUST OBTAIN SWISS BLUE IMPORT CERTIFICATES BEFORE USG WOULD APPROVE REEXPORT INTO SWITZERLAND OF EQUIPMENT IN FRANKFURT AND EXPORT OF LIMITED OFFICIAL USE  
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EQUIP;ENT FROM SAN FRANCISCO.

4. GERALD GESSNEP, THE; AMT ,UNICH REP., PROPOSED SOCIE TO GMBH AS A POSSIBLE CUSTO,ER. FRED SCHIAVO, PART OWNER SEMICON, ALSO SUGGESTED SOCIE TO HONEYWELL INC. (SUBSEQUENT INVESTIGATION DISCLOSED GESSNER ,AJOR SJAREHOLDER IN SEMICON. SOCIE HAS TO FUNCTION AS SURROGATE FOR SEMICO' IN THESE TRANSACTIONS. OTHERWISE, THE SCENARIO REMAINED UNCHANGED.)

5. EXAMINATION VOLUMINOUS MATERIAL OBTAINED FROM GMBH YIELDED MEMTELCONS/LTR. BETWEEN GMBH AND BACQUEY/SOCIE. IN MEMTELCON 6/5/75 BETWEEN GESSNER AND LOTHAR HAEDICKE

(BMGH SALESMAN SINCE FIRED FOR HIS ROLE IN THE AFFAIR), GESSNER SUGGESTED SALE OF AMT EQUIPMENT TO FRENCH FIRM. MENTELCON 6/11/75, HAEDICKE PRESSED GESSNER FOR FIRM'S IDENTITY. WAS TOLD SOCIE. ON 6/25/75, GMBH RECEIVED SOCIE LTR. DATED 6/17/75, SIGNED BY MICMEL BACQUEY. LTR. TO ATTN. HAEDICKE RECALLS THEIR MEETING AT ELECTRONICA 74(MUNICH) AND BACQUEY INTEREST IN AMT-TYPE EQUIPMENT. WOULD NOW LIKE TO OBTAIN SUCH EQUIPMENT WITH SPARE PARTS FOR TWO YEARS OPERATION.

6. BACQUEY CAME TO OEA/CD ATTENTION DURING INVESTIGATION (CASE 11(68)-74) INTO PROCUREMENT ATTEMPT OF DIODES AND OIL-DRILLING EQUIPMENT FOR DENIED PARTY AND PROSCRIBED DESTINATION. WHEN INTERVIEWED BY PARIS EMBOFFS 1969, BACQUEY WAS OFFICIAL IN SOFRANEX SA (PARIS A-511, 4/30/69). SOFRANEX CURRENTLY ON EDL. BACQUEY CULPABILITY NOT PROVED.

7. FRENCH IMPORT CERTIFICATE JO. 92483 (6/15/75) ISSUED TO SOCIE AS A SUPPORTING DOCUMENT IN THE TRANSACTION IN THE REFERENCED P/L CHECK REQUEST. IN LIGHT OF THE ABOVE INFORMATION AND THE CLOSE TIME FRAME, THE UONA FIDES OF THE TRANSACTION COVERED BY THE PENDING LICENSE APPLICATION ARE DUBIOUS.

8. THE EQUIPMENY IN THE SUBJECT P/L CHECK IS FOR USE IN THE MFG. OF INTEGRATED CIRCUITS AND OT;ER SEMICONDUCTOR DEVICES. THE FOLLOHNG IS A PROFILE OF CONDITIONS THAT LIMITED OFFICIAL USE  
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WOULD ORDINARILY ATTEND A TRANSACTION FOR THIS TYPE OF

EQUIPMENT: (A) PURCHASE WOULD NORMALLY BE BY AN ESTABLISH-ED FIRM EMPLOYING HIGHLY SKILLED TECHNICIANS, (B) NUMBER OF EMPLOYEES WOULD BE IN RANGE 50 TO 100, (C) ROO;S WHERE EQUIPMENT TO BE INSTALLED WOULD MEET LABORATORY STANDARDS, E.G., CONTROLLED TEMPERATURE, DUST AND DIRT FREE, (D) OVERALL MANUFACTURING FACILITY WOULD CONSIST OF SEGREDGATED OPERATIONS, I.E., SERIES OF ROOMS FOR VARIOUS PRODUCTION STAGES SUCH AS SLICING, POLICING, CHEMICAL PHASE, PHOTO AREA ETC.

ACTION REQUESTED:

9. DETERMINE BONA FIDES OF TRA;SACTION PER REFTTEL, ITEM NINE. ALSO, CONTACT BACQUEY. QUESTION HIM RE HIS ROLE T;IS TRANSACTION.

10. REQUEST TDR'S BE PREPARED ON BOTH FRENCH FIRMS.

11. PLEASE REPORT RESULTS BY CABLE.

12. LONDON INFO THIS MESSAGE DUE TO POSSIBLE INVOLVEMENT  
SWISS ELEMENT THESE INVESTIGATIONS WITH U.K. FIRH(S). KISSINGER

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## Message Attributes

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